Commodity Monthly Monitor
Precious metals ripe for a short-covering rally
20 July - 31 August 2018

Summary

Over the past two months, equity markets have been hitting new highs—exhibiting a “risk on” sentiment. With the exception of energy, commodity market energy has been quite the opposite. Fears of a trade war have driven a “risk off” sentiment in commodities with intermittently US Dollar strength acting as another headwind. We believe the markets have been overly focused on demand destruction and have ignored the impact on supply chains from burgeoning trade protectionism. As a result, we believe many commodities are ripe for an upward correction in price.

Remarkably, if an investor looked at the US Dollar (measured by the US Dollar Index, DXY) at the start of August 2018 and the end of August 2018, they wouldn’t see much change. Of course, this would mask a move from approximately 94.5 to almost 97 and then back towards a range from 94.5 to 95.0. The move toward 97.0 was very sharp, leading to the strong US Dollar story gaging a lot of attention—very important for the prospects of commodities priced in Dollars.

We would also note that in the US Treasury market the difference between the yield of the 10 Year and 2 Year interest rates dropped below 20 basis points—to a level of 18.75 on 24th August. Historically, when the 2 Year interest rate has eclipsed the 10 Year interest rate there has presaged economic recessions in the next 12 to 18 months. Given the relative positioning of these rates, the next move by the Fed, should it occur in September, could lead to an inverted yield curve. Fed Chair Jerome Powell’s speech at Jackson Hole led market participants to believe that this rate hike is all but a foregone conclusion. Does this have to lead to US economic recession over the coming 12 to 18 months? It’s an interesting question to consider.

As of this writing, the gold price is hovering back around the $1,195 level, representing a bit of recovery from recent lows around $1,175. The US Dollar’s drop during the latter half of August was definitely a contributory factor—we also continue to monitor the global geopolitical risk environment. Currently, we’re getting a lot of movement as it relates to different trade agreements, but as of yet there is insufficient clarity on the negotiated deals. We also are entering the harvest month before the US midterm elections.

- Agricultural commodities struggle amidst trade war uncertainty. With the exception of cocoa, agricultural commodities posted a negative performance over the period. The weaker Brazilian Real and higher coffee crop expectations remain headwinds for coffee prices. Wheat is also expected to suffer a pull-back as higher supply from the US and Russia is expected to partially offset lower supply from the EU.

- Industrial metals weighed down by persistent trade war concerns and risk-off mode. The strong US Dollar, trade war concerns and weak Chinese economic data have been contributing to negative sentiment towards the sector. However, tighter fundamentals across key industrial metals illustrates the extent to which the trade war concerns have distorted prices and highlight the scope for recovery within the industrial metals sector when the uncertainty fades away.

- Energy markets buck commodity price capitulation as supply disruptions and unabated demand support energy prices. A combination of global warm weather and a continued economic recovery has helped on the demand front. Supply of oil has been constrained due to the economic collapse of Venezuela.

- Sentiment towards gold fell further after the yellow-metal failed to post any gains despite an emerging market collapse. No response is less worrying when viewed in light of continued strong developed market equity market performance. Short-covering could aid gold’s recovery if excessive negative sentiment abates.

Commodity Monthly Matrix

<table>
<thead>
<tr>
<th>Commodity</th>
<th>Current Price</th>
<th>Returns (1 Mth)</th>
<th>Price in 30 days AUA</th>
<th>Inventories (3 Mths)</th>
<th>Positioning (3 Mths)</th>
<th>Roll Yield</th>
<th>31 Aug Score</th>
<th>20 July Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>WTI Oil</td>
<td>70</td>
<td>1.5%</td>
<td>6.8%</td>
<td>-6.6%</td>
<td>-9%</td>
<td>0.6%</td>
<td>2</td>
<td>4</td>
</tr>
<tr>
<td>Brent Oil</td>
<td>72</td>
<td>-4.2%</td>
<td>9.1%</td>
<td>-2.4%</td>
<td>-7%</td>
<td>-3.9%</td>
<td>(2)</td>
<td>(2)</td>
</tr>
<tr>
<td>Natural Gas</td>
<td>2.9</td>
<td>4.8%</td>
<td>2.7%</td>
<td>45.2%</td>
<td>-47%</td>
<td>-0.8%</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Gasoline</td>
<td>2.1</td>
<td>0.7%</td>
<td>8.6%</td>
<td>-0.7%</td>
<td>-3%</td>
<td>7.3%</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>Heating Oil</td>
<td>2.2</td>
<td>5.1%</td>
<td>8.9%</td>
<td>-0.6%</td>
<td>-6%</td>
<td>-0.1%</td>
<td>(1)</td>
<td>(1)</td>
</tr>
<tr>
<td>Carbon</td>
<td>21.1</td>
<td>21.3%</td>
<td>64.4%</td>
<td>-</td>
<td>-0.1%</td>
<td>(0)</td>
<td>(0)</td>
<td>(0)</td>
</tr>
<tr>
<td>Wheat</td>
<td>5.2</td>
<td>-6.4%</td>
<td>8.4%</td>
<td>-2.0%</td>
<td>-9%</td>
<td>-4.9%</td>
<td>(1)</td>
<td>(2)</td>
</tr>
<tr>
<td>Corn</td>
<td>3.5</td>
<td>-2.7%</td>
<td>-4.1%</td>
<td>-2.3%</td>
<td>-70%</td>
<td>-3.8%</td>
<td>(1)</td>
<td>(1)</td>
</tr>
<tr>
<td>Soybeans</td>
<td>8</td>
<td>-7.8%</td>
<td>-13.7%</td>
<td>22.2%</td>
<td>-41%</td>
<td>-1.2%</td>
<td>(4)</td>
<td>(4)</td>
</tr>
<tr>
<td>Sugar</td>
<td>0.1</td>
<td>0.5%</td>
<td>-15.2%</td>
<td>-</td>
<td>-66%</td>
<td>-7.2%</td>
<td>(2)</td>
<td>(2)</td>
</tr>
<tr>
<td>Cotton</td>
<td>0.8</td>
<td>-8.8%</td>
<td>-0.9%</td>
<td>-7.9%</td>
<td>-21%</td>
<td>0.1%</td>
<td>2</td>
<td>(0)</td>
</tr>
<tr>
<td>Coffee</td>
<td>1.0</td>
<td>-10.7%</td>
<td>-15.9%</td>
<td>11.6%</td>
<td>-17%</td>
<td>-3.6%</td>
<td>(4)</td>
<td>(4)</td>
</tr>
<tr>
<td>Soybean Oil</td>
<td>0.3</td>
<td>-1.3%</td>
<td>-8.5%</td>
<td>5.6%</td>
<td>7%</td>
<td>-0.2%</td>
<td>(4)</td>
<td>(4)</td>
</tr>
<tr>
<td>Cocoa</td>
<td>2,323</td>
<td>7.1%</td>
<td>0.7%</td>
<td>-84%</td>
<td>-0.6%</td>
<td>(3)</td>
<td>(3)</td>
<td>(3)</td>
</tr>
</tbody>
</table>

Christopher Gammelli
Head of Research

Nilesh Shah
Director

Ankeeta Gupta
Associate Director

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- Commodities market overview
- Summary tables
- CFTC net positioning
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Historical performance is not an indication of future performance and any investments may go down in value.
Sector Overview

**Agriculture**  
- With the exception of cocoa, agricultural commodities posted a negative performance over the period. Cocoa has been on a downward trajectory and attained their lowest level in 12 years, owing to the weak Brazilian real and ongoing high crop expectations in Brazil. According to Brazil’s largest coffee cooperative, Coopexu, the global coffee market is expected to show a supply surplus of 5.8 million bags in 2018/19. Given this backdrop, we don’t expect to see a turnaround in coffee prices.

- Wheat prices shed their gains over the period after the Russian government denied rumours of plans to limit wheat exports. Downward price action was further exacerbated when the Russian Ministry of Agriculture lowered its grain crop forecast to 100-105m tons and confirmed that Russia had no plans to levy an export tax on wheat. Furthermore, the US Department of Agriculture (USDA) expects the US wheat crop to be 4m tons higher, partly offsetting the shortfall in supply. USDA expects global wheat ending stocks to be lower by 1.9m tons, only 5% lower from last year’s record.

**Industrial Metals**  
- Concerns over weak demand stemming from the ongoing trade wars have weighed on the industrial metals sector, evident from its weak performance over the period (apart from aluminium). Economic data in two of the world’s largest economies remains mixed. While demand remains strong in the US, Chinese economic data continues to disappoint and has been weighing on sentiment towards the industrial metals sector. The US Institute for Supply Management (ISM) index for the manufacturing sector climbed to its highest level in 14 years in August. Meanwhile, the official Chinese Purchasing Managers Index (PMI) compiled by Caixin, dropped more than anticipated to 50.6, marking its lowest level in 15 months.

- According to the International Copper Study Group (ICSG), supply on the global copper market outstripped demand on a seasonally adjusted basis by 63,000 tons over the first five months of the year, this was also the case at the same point last year. Despite this, the last two months of data in April 2018 and May 2018 point to a deficit on the copper market. Mining production has ramped up considerably this year. Added to that, higher copper prices during the initial start to the year contributed to increased supply of scrap copper. At the same time demand has grown only moderately. The ICSG expects a moderate supply surplus for this year. We view copper’s price slide as overdone and disconnected from fundamentals owing to the trade disputes and expect prices to recover from current levels.

- Delays of alumina shipments from Australia, owing to strikes at the refineries coupled with lower production (down 20% in the first half of the year compared to last year) from the world’s largest aluminium producer in China, are lending tailwinds to aluminium prices. Furthermore, uncertainty over impending US sanctions against the largest Russian aluminium producer (expected on 23 October) should continue to support aluminium prices higher.

**Energy**  
- The energy complex has largely escaped the trade-war related fears that has held back most commodities last month. Seasonally strong demand and periodic supply disruptions have helped prices maintain momentum.

- Carbon continues outperform all other commodities, with a 21% gain in price last month, taking year-to-date prices up 108%. As an economic recovery takes shape in Europe (usually associated with higher levels of polluting activity) and the European Union undertakes measures to absorb the prior oversupply of carbon permits, we have witnessed a recovery in carbon prices. Hot weather in Europe has also driven up the demand for power, thus pushing up the price of carbon permits.

- US oil inventory declines over the past few weeks indicate that US demand for both gasoline and crude has been strong during the so-called driving season. High temperatures in Europe have caused disruptions to nuclear plants (driving higher energy demand from other sources) and air-conditioning, with numerous risk events coming to the fore over the past month – an emerging market sell-off and an escalation of a trade war for example – it may appear surprising that gold has not posted a positive return over the past month. US Dollar strength has been one of the headwinds that has held gold back. But in times of stress, gold has traditionally been able to shake off its negative correlation with the green-back. When comparing gold’s performance with industrial metals, this dichotomy appears stark: we would expect defensive assets to perform when cyclical assets don’t. However, looking at other cyclical assets such as equities, helps put things back into perspective. Major US equity benchmarks returned to their highs since 2007. Despite OPEC having reduced the scale of its production cuts, the oil market has struggled to maintain production levels and so OPEC as a whole is still producing less than the group’s quota. Oil prices have responded well to these indicators of supply tightness.

**Precious Metals**  
- With numerous risk events coming to the fore over the past month – an emerging market sell-off and an escalation of a trade war for example – it may appear surprising that gold has not posted a positive return over the past month. US Dollar strength has been one of the headwinds that has held gold back. But in times of stress, gold has traditionally been able to shake off its negative correlation with the green-back. When comparing gold’s performance with industrial metals, this dichotomy appears stark: we would expect defensive assets to perform when cyclical assets don’t. However, looking at other cyclical assets such as equities, helps put things back into perspective. Major US equity benchmarks have reached new highs. Nevertheless, we believe that sentiment towards gold has fallen excessively low, and an upward correction is due. A short-covering rally could be on the horizon after net speculative positioning has fallen to the lowest levels since 2001.

- Silver has fallen much harder than gold over the past month. Silver fell 7.2% while gold declined 1.9%. The gold-to-silver price ratio has risen to the highest level since March 2016, indicating silver is cheap relative to gold. Silver shares many traits of industrial metals (after all, more than 50% of its end use is in industrial applications) and so it is less surprising that silver prices have declined compared to gold.

- Palladium was the only precious metal to post positive returns last month. The consumer shift from diesel cars to gasoline cars continues to favour palladium over platinum (they are both used in cars, but there are higher loadings of palladium in gasoline autocatalysts and higher loadings of platinum in diesel autocatalysts).

*Note: all returns are based on front month futures prices in the month to Friday 31 August 2018. Historical performance is not an indication of future performance and any investments may go down in value.*
Technical Overview (as of Aug 31, 2018)

Positioning

- Short positioning on the cocoa market rose 45% while long positioning rose moderately by 3% over the period. The growth in short positions illustrates investors are anticipating a pull back after cocoa prices have had an extended run. Cotton futures have also witnessed a 41% rise in short positioning coupled with a 17% decline in long positions highlighting a more bearish outlook on the cotton market.

- Net speculative positioning on corn futures declined 70% over the period as US farmers intend to increase corn acreage in lieu of soybean owing to the trade war between US and China.

- Net speculative positioning on copper futures declined 17.6% as long positions plummeted by 20% over the period, indicating sentiment towards copper continues to remain bearish.

- Net shorts in natural gas futures narrowed to 68,104 contracts from net short 128,579 contracts last month. Above average temperatures in the US have driven higher the demand for natural gas (increased power demand from air conditioning).

- Speculative positioning in gold futures reached the most negative level since April 2001. Dismay that gold has not performed better has damaged sentiment toward the metal. Although we would not go as far as to say that this is a déjà vu moment, we recall that in 2001 gold had only risen 2% but in 2002 (as the impact of the Argentine crisis and bursting of the dot-com bubble became more apparent), gold gained 24%.

Inventories

- Soybeans inventories rose 22% over the period. The recent outbreak of the African swine fever in China is weighing on concerns that global soybean demand is slowing.

- Tighter fundamentals across key industrial metals – copper, nickel, zinc and aluminium evident from the lower inventory data down 17.6%, 17.9%, 16.5% and 16.4% over the prior 3 months respectively illustrates the extent to which the trade war concerns have distorted prices and highlight the scope for recovery within the industrial metals sector when the uncertainty fades away.

- Despite a 45% increase in natural gas inventories over the past 3 months, inventories are still 18% below the 5-year average. We are currently in the seasonal ‘injection’ period (until late October), where inventories are being built up, prior to the winter period, when seasonal demand should take inventories lower.

Curve Dynamics

- Coffee, corn, wheat, lean hogs and sugar are in contango at the short end of the curve. Negative roll yields run as high as 7.2% for sugar and 4.9% for wheat.

- Tin maintained its modest backwardation (0.1%) and zinc and tin are the only industrial metals with a positive roll yield.

- The WTI futures curve remains in backwardation throughout the curve. Brent on the other hand, is in contango at the very front of the curve (up to 4 months) and in backwardation through the rest of the curve. Supply disruptions have more positively impacted front-end WTI futures in the past month than Brent prices.

Technical

- Sugar prices are trading 15.2% below their 200-day moving average, amidst the current backdrop of the weaker Brazilian Real and higher crop expectations, it is unlikely for coffee prices to stage a recovery.

- Zinc retreated 20.4% below its 200-day moving average. While the zinc market was largely balanced in the first half of the year, we expect the recent price weakness in price to shore up demand as the season of high demand begins, at the same time slow the expansion in supply supporting zinc prices higher in the second half of the year.

- Carbon is trading 64% above its 200-day moving average. In addition to the structural efforts to tighten supply of carbon permits, we are seeing a rise in European demand in part because surprisingly warm weather is driving up power demand (from air conditioning for example).

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# Summary Tables

## Prices

<table>
<thead>
<tr>
<th>Energy</th>
<th>Current Unit</th>
<th>1 Month</th>
<th>3 Month</th>
<th>6 Month</th>
<th>1 Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>WTI Oil</td>
<td>USD/bbl.</td>
<td>1.5%</td>
<td>4.4%</td>
<td>10.0%</td>
<td>25.0%</td>
</tr>
<tr>
<td>Brent Oil</td>
<td>USD/bbl.</td>
<td>3.5%</td>
<td>5.0%</td>
<td>20.0%</td>
<td>40.0%</td>
</tr>
<tr>
<td>Natural Gas</td>
<td>USD/MMBtu</td>
<td>6.0%</td>
<td>6.0%</td>
<td>20.0%</td>
<td>40.0%</td>
</tr>
<tr>
<td>Gasoline</td>
<td>USD/gal.</td>
<td>4.0%</td>
<td>6.0%</td>
<td>10.0%</td>
<td>20.0%</td>
</tr>
<tr>
<td>Heating Oil</td>
<td>USD/gal.</td>
<td>6.0%</td>
<td>6.0%</td>
<td>10.0%</td>
<td>20.0%</td>
</tr>
<tr>
<td>Carbon</td>
<td>EUR/Mt.</td>
<td>7.5%</td>
<td>10.0%</td>
<td>20.0%</td>
<td>40.0%</td>
</tr>
</tbody>
</table>

## Agriculture

| Wheat                   | USD/bu.      | -6.0%   | -6.0%   | -8.0%   | -10.0% |
| Corn                    | USD/bu.      | -3.0%   | -3.0%   | -5.0%   | -7.0%  |
| Soybeans                | USD/bu.      | -6.0%   | -8.0%   | -10.0%  | -12.0% |
| Sugar                   | USD/bu.      | -4.0%   | -6.0%   | -8.0%   | -10.0% |
| Cotton                  | USD/bu.      | -4.0%   | -6.0%   | -8.0%   | -10.0% |
| Coffee                  | USD/bu.      | -2.0%   | -4.0%   | -6.0%   | -8.0%  |
| Sugar Oil               | USD/bu.      | -3.0%   | -4.0%   | -5.0%   | -6.0%  |
| Cocoa                   | USD/bu.      | -1.0%   | -2.0%   | -3.0%   | -4.0%  |

## Industrial Metals

| Aluminum                | USD/Mt.      | 2.0%    | 4.0%    | 6.0%    | 8.0%   |
| Copper                  | USD/Mt.      | -4.0%   | -6.0%   | -8.0%   | -10.0%|
| Copper [LME]            | USD/Mt.      | -6.0%   | -8.0%   | -10.0%  | -12.0%|
| Zinc                    | USD/Mt.      | -6.0%   | -8.0%   | -10.0%  | -12.0%|
| Lead                   | USD/Mt.      | -8.0%   | -10.0%  | -12.0%  | -14.0%|
| Tin                    | USD/Mt.      | -10.0%  | -12.0%  | -14.0%  | -16.0%|

## Precious Metals

| Gold                    | USD/Mt.      | 1.0%    | 2.0%    | 3.0%    | 4.0%   |
| Silver                  | USD/Mt.      | 4.0%    | 6.0%    | 8.0%    | 10.0%  |
| Platinum                | USD/Mt.      | 4.0%    | 6.0%    | 8.0%    | 10.0%  |
| Palladium               | USD/Mt.      | 4.0%    | 6.0%    | 8.0%    | 10.0%  |

## Livestock

| Live Cattle            | USD/bu.      | -4.0%   | -6.0%   | -8.0%   | -10.0%|
| Lean Hogs              | USD/bu.      | -3.0%   | -5.0%   | -7.0%   | -9.0%  |
| Feeder Hogs            | USD/bu.      | -2.0%   | -4.0%   | -6.0%   | -8.0%  |

## CFTC Net Positioning

<table>
<thead>
<tr>
<th>Energy</th>
<th>Current 5 Yr Average</th>
<th>1 Month</th>
<th>3 Month</th>
<th>6 Month</th>
<th>1 Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>WTI Oil</td>
<td>588,464</td>
<td>421,405</td>
<td>469,698</td>
<td>749,485</td>
<td>482,320</td>
</tr>
<tr>
<td>Brent Oil**</td>
<td>280,491</td>
<td>165,012</td>
<td>263,084</td>
<td>378,084</td>
<td>276,040</td>
</tr>
<tr>
<td>Natural Gas</td>
<td>-68,104</td>
<td>125,125</td>
<td>-128,579</td>
<td>-132,939</td>
<td>-44,913</td>
</tr>
<tr>
<td>Gasoline</td>
<td>108,335</td>
<td>65,512</td>
<td>112,191</td>
<td>83,077</td>
<td>68,779</td>
</tr>
<tr>
<td>Heating Oil</td>
<td>38,948</td>
<td>10,022</td>
<td>41,231</td>
<td>22,366</td>
<td>30,720</td>
</tr>
</tbody>
</table>

## Inventory Levels

<table>
<thead>
<tr>
<th>Energy</th>
<th>Current 5 Yr Average</th>
<th>1 Month</th>
<th>3 Month</th>
<th>6 Month</th>
<th>1 Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Oil - US</td>
<td>405,792</td>
<td>306,750</td>
<td>266,750</td>
<td>216,750</td>
<td>166,750</td>
</tr>
<tr>
<td>Oil - OECD**</td>
<td>356,000</td>
<td>356,000</td>
<td>356,000</td>
<td>356,000</td>
<td>356,000</td>
</tr>
<tr>
<td>Natural Gas - DOE</td>
<td>2,050</td>
<td>1,950</td>
<td>1,850</td>
<td>1,750</td>
<td>1,650</td>
</tr>
<tr>
<td>Natural Gas - SHFE</td>
<td>230,772</td>
<td>220,772</td>
<td>210,772</td>
<td>200,772</td>
<td>190,772</td>
</tr>
<tr>
<td>Heating Oil - DOE</td>
<td>8,002</td>
<td>7,002</td>
<td>6,002</td>
<td>5,002</td>
<td>4,002</td>
</tr>
</tbody>
</table>

## Historical Performance

Historical performance is not an indication of future performance and any investments may go down in value.

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### Notes

1. Performance of first month futures from 03 Aug 17 | 1 year, 03 Mar 18 | 1 month, 31 May 18 | 31 Jul 18 | 30 Aug 18 | 31 Aug 18
2. LME share non-annualised from first month futures into second month on 31 May 18 | 31 Jul 18 | 31 Aug 18 | 31 Aug 18
3. Net positions in number of contracts.
4. Current inventories relative to 1, 3, 6 months ago. Under the column "5 Yr average" is the current inventory level relative to 5 year average inventory. For energy, 5 yr average is the average of the same month as report month over the past 5 years. SHFE started reporting inventory data from April 2015. SAIL industrial metals positioning data (excluding copper) is sourced from LME COTR data in Bloomberg from 30 January 2018 (first available date) under post-MFID rules.
5. Brent 5 Yr average of net positions from January 2011 as positions were not reported by CFTC before then and inventory data (OEDC) reported with 2 month lag with current = Jun 2018.
CFTC Speculative Net Long Futures Positions

Agriculture

Cocoa

Coffee

Corn

Cotton

Soybean Oil

Soybeans

Sugar

Wheat

Note: positioning in 1000 contracts. Standard deviation based on 5 year average CFTC non-commercial net positioning.
All commodity futures price data is denominated in USD unless otherwise indicated.
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Note: positioning in ’000 contracts. Standard deviation based on 5 year average CFTC non-commercial net positioning. All commodity futures price data is denominated in USD unless otherwise indicated. *Brent average of net positions from January 2011 as positions were not reported by CFTC before then. Historical performance is not an indication of future performance and any investments may go down in value.
Industrial Metals

Copper (COMEX)

Copper (LME)

Aluminum

Zinc

Nickel

Lead

Tin

Note: positioning in '000 contracts. Standard deviation based on 5 year average CFTC non-commercial net positioning. LME non-commercial net positions from 30 January 2018 post-MIFID II data and respective graphs represent daily data. All commodity futures price data is denominated in USD unless otherwise indicated.

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Precious Metals

Gold

Silver

Platinum

Palladium

Livestock

Lean Hogs

Live Cattle

Feeder Cattle

Note: positioning in ‘000 contracts. Standard deviation based on 5 year average CFTC non-commercial net positioning, respective graphs represent daily data. All commodity futures price data is denominated in USD unless otherwise indicated. Historical performance is not an indication of future performance and any investments may go down in value.
Inventories

Agriculture

Corn - Stock to Use
Annual data in %, from 1980 to 2018

% chg in projections vs. previous = -2.9%

Source: USDA, Bloomberg, WisdomTree

Corn - Ending Stocks
Annual data in mln tons, from 1980 to 2018

chg in projections vs. previous = -3.7

Source: USDA, Bloomberg, WisdomTree

Coffee - Stock to Use
Annual data in %, from 1980 to 2018

% chg in projections vs. previous = 8.5%

Source: USDA, Bloomberg, WisdomTree

Coffee - Ending Stocks
Annual data in mln bags (60 kg), from 1980 to 2018

chg in projections vs. previous = -2.9

Source: USDA, Bloomberg, WisdomTree

Cotton - Stock to Use
Annual data in %, from 1980 to 2018

% chg in projections vs. previous = -9.6%

Source: USDA, Bloomberg, WisdomTree

Cotton - Ending Stocks
Annual data in mln 480 lb Bales, from 1980 to 2018

chg in projections vs. previous = -6.7

Source: USDA, Bloomberg, WisdomTree

Soybeans - Stock to Use
Annual data in %, from 1980 to 2018

% chg in projections vs. previous = 23.6%

Source: USDA, Bloomberg, WisdomTree

Soybeans - Ending Stocks
Annual data in , from 1980 to 2018

chg in projections vs. previous = 19.2

Source: USDA, Bloomberg, WisdomTree

Note: Ending stocks, inventories and stock to use data from the USDA are annual with monthly update of 2017/2018 estimates. Historical performance is not an indication of future performance and any investments may go down in value.
Note: Ending stocks, inventories and stock to use data from the USDA are annual with monthly update of 2017/2018 estimates.

Historical performance is not an indication of future performance and any investments may go down in value.
Industrial Metals

Aluminum Inventory
Daily data, from 31 Aug 17 to 31 Aug 18

Copper Inventory
Daily data, from 31 Aug 17 to 31 Aug 18

Nickel Inventory
Daily data in '000 MT, from 31 Aug 17 to 31 Aug 18

Zinc Inventory
Daily data, from 31 Aug 17 to 31 Aug 18

Lead Inventory
Daily data, from 31 Aug 17 to 31 Aug 18

Tin Inventory
Daily data in '000 MT, from 31 Aug 17 to 31 Aug 18

Livestock

Lean Hogs Inventory
Annual data in mln Heads, from 1980 to 2018

Live Cattle Inventory
Annual data in mln Heads, from 1980 to 2018

Note: Ending stocks, inventories and stock to use data from the USDA are annual with monthly update of 2017/2018 estimates. Historical performance is not an indication of future performance and any investments may go down in value.
Energy

US Oil Inventory
Weekly data in mlbl barrels, from Aug 13 to Aug 18

OECD Europe Oil Industry Inventory
Monthly data in mlbl barrels, from Jun 13 to Mar 18

Heating Oil Inventory
Weekly data in mlbl barrels, from Aug 13 to Aug 18

Natural Gas Inventory
Weekly data in billion cubic feet, from Aug 13 to Aug 18

Gasoline Inventory
Weekly data in mlbl barrels, from Aug 13 to Aug 18

Note: “Oil - OECD Inventory” represents OECD industry stocks and is reported with a 2 month lag.

Historical performance is not an indication of future performance and any investments may go down in value.
Commodities Front Month Futures and Trading Volumes

Agriculture

Cocoa Front Month Futures Price
Daily data in USD/MT, from 31 Aug 17 to 31 Aug 18

Coffee Front Month Futures Price
Daily data in USD/lb., from 31 Aug 17 to 31 Aug 18

Corn Front Month Futures Price
Daily data in USD/bu., from 31 Aug 17 to 31 Aug 18

Soybean Oil Front Month Futures Price
Daily data in USD/lb., from 31 Aug 17 to 31 Aug 18

Sugar Front Month Futures Price
Daily data in USD/lb., from 31 Aug 17 to 31 Aug 18

Soybeans Front Month Futures Price
Daily data in USD/bu., from 31 Aug 17 to 31 Aug 18

Wheat Front Month Futures Price
Daily data in USD/bu., from 31 Aug 17 to 31 Aug 18

Note: all commodity futures trading volume and price data is denominated in USD unless otherwise indicated.

Historical performance is not an indication of future performance and any investments may go down in value.
Energy

Brent Oil Front Month Futures Price
Daily data in USD/bbl., from 31 Aug 17 to 31 Aug 18

WTI Oil Front Month Futures Price
Daily data in USD/bbl., from 31 Aug 17 to 31 Aug 18

Natural Gas Front Month Futures Price
Daily data in USD/MMBtu, from 31 Aug 17 to 31 Aug 18

Gasoline Front Month Futures Price
Daily data in USD/gal., from 31 Aug 17 to 31 Aug 18

Heating Oil Front Month Futures Price
Daily data in USD/gal., from 31 Aug 17 to 31 Aug 18

Carbon Front Month Futures Price
Daily data in EUR/MT, from 31 Aug 17 to 31 Aug 18

Note: all commodity futures trading volume and price data is denominated in USD unless otherwise indicated. Historical performance is not an indication of future performance and any investments may go down in value.
Industrial Metals

Aluminum Front Month Futures Price
Daily data in USD/MT, from 31 Aug 17 to 31 Aug 18

Copper (COMEX) Front Month Futures Price
Daily data in USD/lb., from 31 Aug 17 to 31 Aug 18

Nickel Front Month Futures Price
Daily data in USD/MT, from 31 Aug 17 to 31 Aug 18

Zinc Front Month Futures Price
Daily data in USD/MT, from 31 Aug 17 to 31 Aug 18

Lead Front Month Futures Price
Daily data in USD/MT, from 31 Aug 17 to 31 Aug 18

Copper (LME) Front Month Futures Price
Daily data in USD/MT, from 31 Aug 17 to 31 Aug 18

Tin Front Month Futures Price
Daily data in USD/MT, from 31 Aug 17 to 31 Aug 18

Note: all commodity futures trading volume and price data is denominated in USD unless otherwise indicated.

Historical performance is not an indication of future performance and any investments may go down in value.
Precious Metals

Gold Front Month Futures Price
Daily data in USD/t oz., from 31 Aug 17 to 31 Aug 18

Silver Front Month Futures Price
Daily data in USD/t oz., from 31 Aug 17 to 31 Aug 18

Platinum Front Month Futures Price
Daily data in USD/t oz., from 31 Aug 17 to 31 Aug 18

Palladium Front Month Futures Price
Daily data in USD/t oz., from 31 Aug 17 to 31 Aug 18

Livestock

Lean Hogs Front Month Futures Price
Daily data in USD/lb., from 31 Aug 17 to 31 Aug 18

Live Cattle Front Month Futures Price
Daily data in USD/lb., from 31 Aug 17 to 31 Aug 18

Feeder Cattle Front Month Futures Price
Daily data in USD/lb., from 31 Aug 17 to 31 Aug 18

Note: all commodity futures trading volume and price data is denominated in USD unless otherwise indicated.

Historical performance is not an indication of future performance and any investments may go down in value.
Futures Curves

Agriculture

Cocoa Futures
USD/MT

Maturity (Month)

Source: Bloomberg, WisdomTree

Coffee Futures
USD/lb.

Maturity (Month)

Source: Bloomberg, WisdomTree

Corn Futures
USd/bu.

Maturity (Month)

Source: Bloomberg, WisdomTree

Cotton Futures
USd/lb.

Maturity (Month)

Source: Bloomberg, WisdomTree

Soybean Oil Futures
USd/lb.

Maturity (Month)

Source: Bloomberg, WisdomTree

Soybeans Futures
USd/bu.

Maturity (Month)

Source: Bloomberg, WisdomTree

Sugar Futures
USd/lb.

Maturity (Month)

Source: Bloomberg, WisdomTree

Wheat Futures
USd/bu.

Maturity (Month)

Source: Bloomberg, WisdomTree

Note: all commodity futures price data is denominated in USD unless otherwise indicated. Historical performance is not an indication of future performance and any investments may go down in value.
Energy

Brent Oil Futures
USD/bbl.

WTI Oil Futures
USD/bbl.

Gasoline Futures
USd/gal.

Natural Gas Futures
USD/MMBtu

Heating Oil Futures
USd/gal.

Carbon Futures
EUR/MT

Note: all commodity futures price data is denominated in USD unless otherwise indicated. Historical performance is not an indication of future performance and any investments may go down in value.
Industrial Metals

Note: all commodity futures price data is denominated in USD unless otherwise indicated.
Historical performance is not an indication of future performance and any investments may go down in value.
Precious Metals

Gold Futures
USD/oz.

Silver Futures
USD/oz.

Platinum Futures
USD/oz.

Palladium Futures
USD/oz.

Lean Hogs Futures
USD/lb.

Live Cattle Futures
USD/lb.

Feeder Cattle Futures
USD/lb.

Note: all commodity futures price data is denominated in USD unless otherwise indicated.
Historical performance is not an indication of future performance and any investments may go down in value.
Commodity Monthly Matrix Explained

Score based on unweighted sum of four fundamental/technical measures detailed below with each measure awarded a possible score of -1, 0, or 1 depending on whether variable is viewed as fundamentally negative, neutral or positive. Score ranging from -4 to +4. For commodities where data is not available or not relevant, scores are calculated on remaining variables and adjusted to the -4 to +4 scale. The score matrix is designed to highlight significant changes in key variables but should not be viewed as predictor of performance.

The four fundamental/technical measures are as follows:
- price vs. 200 days moving average: 1 when price is above 200dma and return is positive, -1 when price is below 200dma and return is negative, 0 otherwise
- % change in net positioning over the past month: 1 when % change is positive, -1 when % change is negative, 0 when no change
- % change in inventory level over the past 3 months: 1 when % is negative, -1 when % is positive, 0 when no change
- roll yield between the front and second month futures contracts: 1 when in backwardation, -1 when in contango, 0 when no change

CALENDAR

WisdomTree - Recent Blogs
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20-Aug-18 Nitish Shah Broad commodities: Does an optimised strategy still make sense?
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03-Sep-18 Christopher Gannatti WisdomTree US Multifactor Index: Taking on the competition

WisdomTree - Past Issues of Commodity Monthly Monitor
Jan - Feb 2018 Research Team US dollar gives transitory boost to commodities
Feb - Mar 2018 Research Team Commodities buck cyclical shakedown
Mar - Apr 2018 Research Team Commodities see-saw amidst geopolitics and rising yields
Apr - May 2018 Research Team Will the dichotomy of geopolitical risk in oil and gold last?
May - Jun 2018 Research Team Oil falls on OPEC but trade wars trip everything else

The research notes are for qualified investors only.

Key Reports

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USDA | USDA
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World Agricultural Supply and Demand Estimates | World Agricultural Supply and Demand Estimates
EIA | EIA
Short-Term Energy Outlook | Short-Term Energy Outlook
OPEC | OPEC
OPEC Oil Market Report | OPEC Oil Market Report
IEA | IEA
IEA Oil Market Report | IEA Oil Market Report

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